

Department of Corrections

Mission:

To recruit and recognize a well-trained, professional work force to serve and protect our communities and their crime victims by effectively employing the field's best security practices and proven pre-release programming to prepare for the release and reintegration of ex-offenders as civil, productive citizens.

Description:

The Department serves and protects the people of the State by incarcerating inmates in its correctional facilities, and supervising released offenders in the community in keeping with the field's best practices notably, periodically assessing their needs and risks and providing commensurate levels of supervision and program services that promote literacy, employability, sobriety and accountability to crime victims, thereby reducing the likelihood of relapse, revocation and recidivism and increasing the likelihood the felon population will be law-abiding, productive citizens when their sentence is served and they are released.

<i>Program / Cost Center</i>	Agency Summary			
	<i>FY 2005 Actual</i>	<i>FY 2006 Approp.</i>	<i>FY 2007 Agency Req.</i>	<i>FY 2007 Exec Rec</i>
Prison Operations and Services	638,518.5	701,446.3	862,338.0	821,774.8
Community Corrections Administration	7,750.9	8,911.1	9,931.8	8,411.1
	24,635.3	32,448.1	36,178.7	32,448.1
Agency Total	670,904.7	742,805.5	908,448.5	862,634.0
<i>Category</i>				
FTE	10,322.4	9,726.9	10,587.4	9,748.9
Personal Services	346,596.4	364,818.6	410,540.2	399,462.6
ERE Amount	123,328.6	138,158.9	150,702.5	143,504.0
Prof. And Outside Services	69,296.5	117,122.2	196,714.4	184,909.5
Travel - In State	417.6	278.4	281.6	279.7
Travel - Out of State	158.3	134.3	157.6	134.3
Food	30,552.8	33,846.8	33,846.8	33,849.2
Aid to Others	237.4	240.2	240.2	240.2
Other Operating Expenses	75,379.2	85,293.5	99,086.5	94,743.1
Equipment	3,099.5	1,957.6	15,923.7	4,556.4
Capital Outlay	623.0	955.0	955.0	955.0
Transfers Out	21,215.4	0.0	0.0	0.0
Agency Total	670,904.7	742,805.5	908,448.5	862,634.0
<i>Fund</i>				
General Fund	632,206.5	697,612.4	863,755.4	819,810.9
Corrections Fund	31,121.8	29,024.3	29,024.3	29,024.3
State Education Fund for Correctional Education	1,356.9	1,528.9	1,528.9	1,528.9
DOC - Alcohol Abuse Treatment	444.1	599.3	599.3	599.3
Transition Office Fund	0.0	351.4	351.4	351.4
Transition Program Drug Treatment Fund	0.0	500.0	0.0	0.0
Prison Construction and Operations Fund	4,160.9	10,250.0	10,250.0	10,250.0
Penitentiary Land Earnings	492.0	869.2	869.2	869.2
State Charitable, Penal & Reformatory Land Earnings	1,122.5	2,070.0	2,070.0	200.0
Agency Total	670,904.7	742,805.5	908,448.5	862,634.0

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI Overtime/Compensatory Time	0.0	18,227.7	18,227.7	18,227.7
SLI Private Prison Per Diem	0.0	74,118.4	74,118.4	65,113.4

Executive Recommendations

FY 2007

Executive Issues

Bed Plan

29,941.9

The Executive Recommendation continues the plan for new prison beds adopted during the 2003 2nd Special Session. The current expenditure recommendation projects an inmate population growth rate of 100 per month through the end of FY 2007. During FY 2006 the Department was funded for 1,176 of the 2,064 contractually available provisional beds. However, in the fall of 2005 the Department was notified that it must vacate 645 beds in the private prison at Newton, Texas. The Executive recommendation for FY 2007 provides an additional 645 provisional beds to offset the loss of the Texas beds and funds 1,000 new private prison beds beginning in December 2006 and 255 additional provisional beds for the full year to accommodate the inmate population growth.

General Fund 29,941.9

Executive Plan for Prison Beds - FY 2007

Month	Projected Population	Projected Capacity	Recommended Changes	Projected Bed Deficit
Nov-05		30,007	Vacate 645 Beds in Newton, Texas	
Jul-06	34,154	31,795	Fund 888 Provisional Beds Available in Existing Contracts	(2,359)
			Replace Funding of 645 Newton, Texas Beds with 645 New Provisional Beds	
			Add 255 New Provisional Beds	
Dec-06	34,654	32,795	Open 1,000 New Private Beds Authorized in 2003 Special Session	(1,859)
Jun-07	35,254	32,795		(2,459)

Cost of Executive Bed Plan

	FY 2006 Funding Base	FY 2007 Cost	FY 2007 Annual- ization
1,176 Provisional Beds in FY 2006	20,805		
2,064 Provisional Beds in FY 2007		41,435	20,630
1,000 New Private Beds	11,692	11,692	0
645 Newton, Texas Beds	9,005	0	(9,005)
900 New Provisional Beds	0	18,317	18,317
Total Costs	41,502	71,444	29,942

Correctional Officer Pay

39,047.1

The Executive recommendation addresses several problems with the current pay structure of Correctional Officers, including high vacancy rates, difficulty hiring new officers, retention problems, low pay compared to competitors, salary compression that causes many sergeants to earn less than the people they supervise, complicated geographical stipends and bonuses, large amounts of overtime and compensation time pay, forced overtime and low pay that leads to burnout and resignations, and vacancy savings that must be used to fund overtime, compensation time, stipends and bonuses.

The proposed pay plan raises officer pay for all ranks to near that paid by competitors, eliminates geographical stipends and bonuses, eliminates the salary compression problem, provides annual pay increases for promising and competent officers in each rank up to mid-range pay, fully funds any overtime and compensation time pay, and is a multi-year plan that requires funding in only the first year because the current distribution of officer pay and ranks is so skewed.

General Fund 39,047.1

Comparison of Current Starting Pay for Officers

State Prisons	Maricopa County Jails	State minus County	% Difference	Pima County Jails	State minus County	% Difference
Correctional Officer II			Current Pay is \$26,364			
26,364	31,179	(4,815)	-18%	29,093	(2,729)	-10%
Sergeant			Current Pay is \$32,841			
32,841	40,913	(8,072)	-25%	44,059	(11,218)	-34%
Lieutenant			Current Pay is \$35,430			
35,430	51,729	(16,299)	-46%	46,261	(10,831)	-31%
Captain			Current Pay is \$38,536			
38,536	63,024	(24,488)	-64%	68,353	(29,817)	-77%

Current Correctional Officer II Starting Pay Compared to Other Jurisdictions

State Prisons	Other Places	State minus County	% Difference	County or City
26,364	31,657	(5,293)	-20%	Pinal County
26,364	23,636	2,728	10%	Gila County
26,364	31,285	(4,921)	-19%	Chandler
26,364	32,779	(6,415)	-24%	Tempe
26,364	32,240	(5,876)	-22%	Mesa
26,364	30,624	(4,260)	-16%	Apache Junction
26,364	33,009	(6,645)	-25%	Scottsdale
26,364	28,403	(2,039)	-8%	Glendale
26,364	34,005	(7,641)	-29%	Federal
26,364	30,700	(4,336)	-16%	Yavapai County
26,364	24,964	1,400	5%	Yuma County
26,364	24,897	1,467	6%	Mohave County
26,364	23,358	3,006	11%	La Paz County

Van Pool

1,457.2

The Executive recommends replacing 33 of the existing van-pool fleet of 67 vehicles and adds another 17 vans to reduce a waiting list of about 200 people. By the end of FY 2006, the average mileage of all existing vans will be roughly 180,000 miles.

General Fund 1,457.2

Health Care

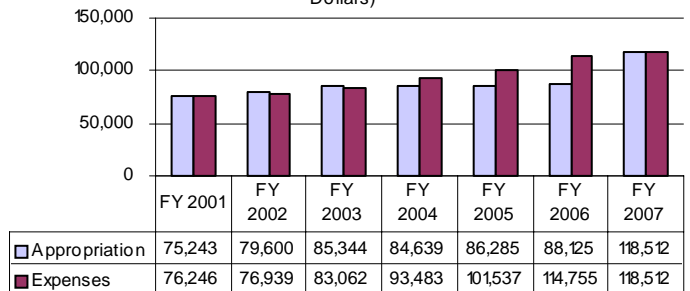
30,386.5

Since FY 2001, appropriations for health care have increased by 3.2% per year while health care expenditures have increased by 8.5% per year. The 8.5% increase is actually less than might have been expected, considering that the inflation rate that has been approved for AHCCCS rates during that time has averaged 6.9% per year and the inmate population has grown by 4.1% per year, for a combined rate of 11% per year. In recent years, the Department has implemented several changes to reduce costs and improve processing efficiency. Previously, the shortage was managed by the use of vacancy savings and holding compensation time liabilities until the following year. Because of the higher than expected vacancy rates in FY 2006, this is not possible in FY 2006. In FY 2007 the shortage of health care funds will exceed the ability of the Department to cover them with vacancy savings, even if vacancy rates are reduced.

General Fund 30,386.5

Department of Corrections Health Care Appropriations and Expenditures

(Thousands of Dollars)

**Substance Abuse**

785.2

The Executive recommends the second phase of a three-phase increase for substance abuse treatment for inmates and parolees. In FY 2005, 13 FTE positions were appropriated to increase substance abuse treatment. Currently, 83% of the prison population, or about 27,000 inmates, are in need of some form of substance abuse treatment, but only a portion of them – between 8,000 and 9,000 at any given time – can receive treatment. The recommended amount includes 13 FTE positions and provides treatment for another 1,400 inmates.

General Fund 785.2

Border Work Crews

729.7

The Executive recommends three new inmate work crews of 24 inmates each to perform debris and trash cleanup and brush clearing along the border area. This recommendation provides 9.0 FTE Correctional Officer positions. Included in the recommended amount is \$354,000 for one-time equipment expenses.

General Fund 729.7

Fuel Costs

425.4

In FY 2005 the Department paid an average price of \$1.82 per gallon for fuel. According to the Energy Information Administration, the Department can expect to pay an average of \$2.29 per gallon in FY 2007. The recommended amount makes up the difference.

General Fund 425.4

Replacement Equipment 2,000.0

The Executive Recommendation provides for the replacement of equipment. The Department has avoided replacement equipment expenditures in recent years due to funding shortages. However, the need is clear, as the Department's fleet of 1,927 vehicles averages 100,000 miles and 12 years in service.

General Fund 2,000.0

Expenditure Shift 15,555.5

During FY 2006 the State was able to offset General Fund expenditures with the use of \$15.6 million in federal funds and \$1.8 million in State Charitable, Reformatory, and Institutions funds. This offset cannot be repeated in FY 2007.

General Fund 17,425.5

State Charitable, Penal & Reformatory Land (1,870.0)

Transition Program Drug Treatment Fund (500.0)

The Transition Program Drug Treatment Fund was created during the 2003 Second Special Session in an effort to expand drug treatment for inmates as they leave incarceration. At that time, \$500,000 was appropriated to the Fund for FY 2005 as startup funding. However, the legislation did not include an appropriation from the Fund for expenditure authority, causing delays in implementation. Subsequently, the startup funding was continued into FY 2006.

The revenues to the Transition Program Drug Treatment Fund in FY 2007 are expected to be lower than originally anticipated. The Executive recommendation aligns expenditures with available revenues to the Fund.

Transition Program Drug Treatment Fund (500.0)

FY 2006 Supplemental Recommendations

Correctional Officer Pay FY 2006
1,189.3

Because local law enforcement agencies that directly compete with the Department for officers are implementing large pay increases during the spring of 2006, the Executive recommends implementing the recommended Correctional Officer pay package on May 1, 2006 at a cost of \$7.2 million. Due to the importance of this issue, the Department is striving to implement the pay package this year, with the diversion of \$2 million of non-appropriated funds and \$4.1 million appropriated monies, previously allocated for other purposes to reduce the FY 2006 supplemental amount to \$1.2 million.

General Fund 1,189.3

Compensation Time 3,000.0

The vacancy rate among Correctional Officers has risen from 11.5% in July 2004 to 19.4% in November 2005. This large increase has pushed the amount of overtime and compensation time for officers above the \$18.2 million appropriated for FY 2006. Current projections are for overtime and compensation time liabilities to reach \$37 million this year. While the vacancy savings associated with the higher vacancy rate can cover much of the overtime expenses, the Department is expected to end the year approximately \$3.0 million short. The Executive is recommending a supplemental appropriation for that amount.

General Fund 3,000.0

Health Care 26,630.0

The magnitude of the health care shortfall in FY 2006 combined with the lack of availability of funding sources used in recent years to cover the shortfall has produced the need for a supplemental appropriation.

General Fund 26,630.0

Performance Measures

	FY 2005 Actual	FY 2006 Expected	FY 2007 Expected
Number of escapes of inmates from any location	0	0	0
➤ Includes escapes from both state and private prisons, both within secure perimeters of prisons and exterior work crews.			
Average daily inmate population	32,393	34,888	34,231
Average daily bed deficit	2,112	2,161	3,315

Administrative Costs

	<u>FY 2007</u>
Administrative Costs	36,178.7
Agency Request	958,224.8
Administrative Cost Percentage	3.78%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

The Executive recommends a lump-sum appropriation to the agency.